# 2008 Notice of Funding Availability for

# Rental Rehabilitation With or Without Acquisition Projects

State of California Arnold Schwarzenegger, Governor

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## DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT FINANCIAL ASSISTANCE DIVISION

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July 31, 2008

# NOTICE TO ALL POTENTIAL APPLICANTS RE: NOTICE OF FUNDING AVAILABILITY

### **HOME INVESTMENT PARTNERSHIPS PROGRAM - \$8 Million**

The Department of Housing and Community Development (Department) is pleased to announce a Notice of Funding Availability (NOFA) for the HOME Investment Partnerships Program (HOME). This NOFA is for rental rehabilitation with or without acquisition. Acquisition only projects are not eligible. Eight million dollars is available for this NOFA. The sources of funds for this NOFA are the Federal Fiscal Year (FFY) 2009 HOME allocation, as well as disencumbered funds from previous contracts.

The application deadline is October 31, 2008. The application materials for rental rehabilitation with or without acquisition will be available July 31, 2008 from the state HOME website at <a href="https://www.hcd.ca.gov/fa/home">www.hcd.ca.gov/fa/home</a>. Please review these documents carefully before submitting an application.

In lieu of a NOFA Workshop, HOME staff will meet (in Sacramento) with each interested applicant individually (or by conference call). Please return the *Meeting/Conference Call Registration Form*, included at the end of the NOFA if you are considering an application in response to this NOFA. All forms must be submitted by August 7, 2008 and should be submitted electronically by emailing the form to HOME@hcd.ca.gov.

If you have any questions, please contact HOME Program staff at (916) 322-0356.

Sincerely,

Chris Westlake Deputy Director

# NOTICE OF FUNDING AVAILABILITY (NOFA) HOME INVESTMENT PARTNERSHIPS (HOME) PROGRAM July 31, 2008

Funding Level: \$8 million

### I. OVERVIEW

This Notice of Funding Availability (NOFA) for the HOME Investment Partnerships Program (HOME) makes \$8 million available for rental rehabilitation projects. The sources of funds for this NOFA are the Federal Fiscal Year (FFY) 2009 HOME allocation, as well as disencumbered funds from previous contracts.

The application deadline is October 31, 2008. The application materials for rental rehabilitation projects will be available on July 31, 2008 from the state HOME website at <a href="www.hcd.ca.gov/fa/home">www.hcd.ca.gov/fa/home</a>. Please review these documents carefully before submitting an application.

In lieu of a NOFA Workshop, HOME staff will meet (in Sacramento) with each interested applicant individually (or by conference call). Please return the *Meeting/Conference Call Registration Form*, included at the end of the NOFA if you are considering an application in response to this NOFA. All forms must be submitted by August 7, 2008 and should be submitted electronically by emailing the form to HOME@hcd.ca.gov.

HOME funds are made available pursuant to Title II of the Cranston-Gonzalez National Affordable Housing Act of 1990, and are available to eligible local governments (State Recipients) and nonprofit organizations certified with the Department as Community Housing Development Organizations (CHDOs). Awards made under this NOFA are subject to passage of the 2008/09 State Budget Act.

All applicants under this NOFA are responsible for administering and completing the HOME activity, including ensuring compliance with federal overlay and administrative requirements. This responsibility includes: implementing the project activity as proposed in the application and as approved in the Department's Loan and Grant Committee Project Report for rental projects, included as part of the Standard Agreement, compliance with reporting requirements, managing fund disbursement and accounting, preparing work specifications, loan processing, conducting inspections, and ensuring that all HOME requirements are met for the entire affordability period.

The combined total of this Rental Rehabilitation NOFA and the previously released June 2, 2008 NOFA is \$52 million. Funding will be allocated into four separate allocations: one for programs, one for rental new construction projects, one for first-time homebuyer (FTHB) projects, and one for rental rehabilitation with or without acquisition projects. Based on expected demand, we anticipate that \$20.8 million will be available for programs, \$20.6 million for rental new construction projects, \$2.6 million for FTHB projects, and \$8 million for rental rehabilitation projects. However, for all project applications, if there are

insufficient funds remaining in the applicable allocation to fully fund the next highest rated application, the Department may chose not to fund that application if it determines that the proposed project is not feasible with a partial HOME award.

If there is less demand for any of the allocations relative to the minimum amounts available, the remaining funds may be: (i) transferred to another allocation; (ii) made available under a subsequent NOFA; or (iii) a combination of both.

### A. Highlights

This is the first year the HOME program has issued a separate NOFA for rental rehabilitation with or without acquisition projects (for clarity, hereinafter referred to as the "Rental Rehabilitation") NOFA.

Although designed specifically for rental rehabilitation projects, this NOFA is similar to the NOFA released June 2, 2008. Please note the following significant issues particular to this NOFA.

- Projects will only be recommended to the HCD Local Assistance Loan and Grant Committee if all other lenders agree on significant project details. This may extend the HCD review time, i.e. the time between the application deadline and the Loan Committee hearing date, to allow for discussions between all lenders, including HCD, and the Applicant.
- In general, applicants may apply for a maximum of two sites as follows: (a) two single parcels or (b) one single parcel and one set of contiguous lots that will be combined into a single parcel by the time the HOME loan closes; or (c) two sets of contiguous lots if the lots will be combined into two single parcels by the time the HOME loan closes.

### Note:

- If you are a CHDO that did not receive a 2007 HOME project award, you may apply for two rental new construction projects, two rental rehabilitation projects, or one of each.
- o If you are a State Recipient, or a CHDO that did receive a 2007 award, you are not eligible to submit two HOME project applications, therefore if you apply for a rental new construction project under the June 2, 2008 NOFA you may not apply for a project under this Rental Rehabilitation NOFA.
- The rental project performance penalties have been modified for projects which eventually "catch-up" to their final contract deadline.
- Adjustments have been made for project financial feasibility and readiness rating points.
- Additional clarification has been provided regarding compliance with the National Environmental Policy Act (NEPA).

- Several new State Objective rating categories have been added to further State policy objectives stated in the State's Annual Action Plan to HUD.
- The procedure for determining compliance with A-133 Audit requirements was streamlined.

### B. Allocation of Funds

In addition to the allocation requirements described in Section A above, the total amount made available under both the June 2, 2008 NOFA, and Rental Rehabilitation NOFA will be allocated pursuant to the state regulations as follows:

- Fifteen percent (15 percent) will be reserved for Department-certified CHDOs.
- Fifty percent (50 percent) will be reserved for rural areas.

# C. HOME funds may be used for applications pursuant to this NOFA for the following activities

Rental rehabilitation with or without acquisition

Note: Projects which only involve acquisition (where no rehabilitation or new construction is being done), are not eligible under this NOFA.

For more information on HOME eligible activities, see Section V.

# D. Application Review Process, Funding Announcements and Standard Agreements

Applications will be rated and ranked according to the process described in Section XX of this NOFA. Once the highest rated applications are identified, the Department will conduct an analysis to ensure that projects are financially feasible per Section 8212 (a)(6)(A).

"At-risk" rental rehabilitation projects, i.e. publicly assisted rental housing projects eligible to pay off their public loans and increase rents to market levels, are unique because of the active involvement of other public lenders. These public lenders have their own approval process. It is the Department's intention that this approval process by other lenders be substantially completed prior to the Department making a recommendation to the HCD Local Assistance Loan and Grant Committee.

Therefore, the application review process may be as long as four months, depending on the status of the review by the other public lenders at the time of application submittal. During this time, all public lenders and the Department must come to agreement on all aspects of project feasibility, including, but not limited to:

- Scope of rehabilitation work
- Amount of annual replacement reserve deposit

- Rents for existing tenants
- Regulated rents, if different
- Use of project funds to pay off current owner or partners
- Operating Costs

The Department reserves the right to deny an application as being financially infeasible if agreement with other public lenders and the Applicant cannot be reached in this four-month period, i.e. by February 28, 2009.

If financial feasibility has been determined by February 28, 2009, the Department intends to present these projects to the March 2009 Loan Committee, and to send conditional reservation ("award") letters to successful rental rehabilitation applicants by approximately April 30, 2009. These letters may specify conditions to be met prior to execution of the Standard Agreement. The Department intends to issue state HOME Standard Agreements approximately 45-60 days following issuance of the conditional reservation letter to State Recipients and CHDOs that have demonstrated compliance with the requirements, if any, in the conditional reservation letter.

### II. REGULATORY AUTHORITY

A. HOME regulations and NOFA suspension/amendment: All applications under this Rental Rehabilitation NOFA are governed by the state HOME regulations and the federal Final HOME Rule dated September 16, 1996, as amended. If the federal or state statutes or regulations governing the program or its funding are modified by Congress, the Department of Housing and Urban Development (HUD), the State Legislature, or the Department prior to completion of work under the local HOME Program, the changes may become effective immediately and apply to the activities funded under this NOFA. The Department reserves the right, at its sole discretion, to suspend or amend the provisions of this NOFA. If such an action occurs, the Department will notify interested parties.

This NOFA does <u>not</u> include the text of all applicable regulations that may be important to particular projects. For proper completion of the application, the Department **strongly** encourages potential applicants to consult the state and federal HOME Program regulations, and other federal cross-cutting regulations (referred to in Subpart H of the federal HOME regulations). Rental project applicants should also consult the state Uniform Multifamily Regulations (UMRs).

Several of the terms used in the HOME Program have specific meanings defined by federal and/or state HOME regulations. When reviewing this NOFA and the application forms, carefully review the regulations for definitions and terms. State HOME definitions are found in Section 8201 & 8217 of the state HOME regulations.

If the application is prepared without reading this NOFA, the application, the HOME regulations, and the UMRs, if applicable, it is likely that the application will be deficient, which could result in loss of points or disgualification.

For your convenience, hyperlinks to the HOME regulations and UMRs are provided below. Completing the *Meetingl Conference Call Registration Form*, at the end of this NOFA, also indicates you are interested in participating in an on site meeting or telephone conference call, and is <u>strongly encouraged</u>.

State HOME regulations (Revised in 2007) — <a href="http://www.hcd.ca.gov/fa/home/State">http://www.hcd.ca.gov/fa/home/State</a> HOME Regs.pdf

Uniform Multifamily Regulations http://www.hcd.ca.gov/fa/MultifamilyRegs-Adptd092903.pdf

Federal HOME regulations—

http://www.hud.gov/offices/cpd/affordablehousing/lawsandregs/regs/finalrule.pdf

HOME staff is available to discuss HOME Program requirements and to provide individual technical assistance to applicants in preparing an application.

# III. <u>APPLICATION PROCEDURES, FINAL FILING DEADLINE, AND AWARD ANNOUNCEMENTS</u>

A. One original application and one complete copy must be received by the Department no later than 5:00 p.m. on October 31, 2008.

Rental rehabilitation project applicants must submit one copy of their completed Universal Application Form and HOME Supplement on a PC-compatible Compact Disk (CD). Please keep the electronic worksheets unprotected so staff can use them to prepare Loan Committee project reports. Please separate all application attachments and major sections of an application binder with tabbed dividers.

This means one <u>original</u> and one <u>complete copy</u> of the Universal Rental Project Application Form, the HOME Supplement, and all attachments for rental rehabilitation project (binders 1 and 2 must be submitted).

Applicants are strongly advised to ensure that their application is in final form before it is submitted to the Department. See paragraph C below for more information.

Applications mailed via the U.S. Postal Service <u>must</u> be received by the HOME Program no later than 5:00 p.m. on October 31, 2008 and must be addressed to:

Department of Housing & Community Development
Division of Financial Assistance
HOME Program
P.O. Box 952054, Suite 390-3
Sacramento, CA 94252-2054

Applications sent using private carriers or delivered in person <u>must</u> be received by the HOME Program no later than 5:00 p.m. on October 31, 2008. If applications are personally delivered, the receptionist will date stamp the application and provide a receipt as proof of delivery. The delivery address is:

Department of Housing & Community Development
Division of Financial Assistance
HOME Program
1800 Third Street, Room 390
Sacramento, CA 95811

Applications that do not meet the filing deadline requirements will be denied funding. Applications must be on the forms provided by the Department and these forms cannot be altered or modified by the applicant.

- B. <u>CHDO Certification</u>: Applicants for CHDO certification, (and CHDOs that have a certification that will expire before the Rental Rehabilitation NOFA final filing date), must have their certification documents received by the Department for review no later than August 29, 2008 for new CHDO applications and September 30, 2008 for CHDO recertification to enable staff sufficient time to evaluate the documents. All CHDO applicants will need to complete the CHDO self-certification contained in the application to certify that they have either 1) submitted their application for certification by the deadline, or 2) they are currently certified and are in compliance with the certification requirements.
- C. Application form: It is the applicant's responsibility to ensure that its application is clear, complete, and accurate in all respects, and that it is received by the Department on or before the final filing deadline. After the application deadline, HOME staff may contact applicants to ask where in the application specific information is located. In addition, the Department may, in its sole discretion, request an applicant to supply clarifying information provided that such information does not affect the competitive rating and ranking of the application. This clarifying information may be used by the Department to make a determination of whether the project is financially feasible pursuant to Section 8212 (a) (6) (A) and complete pursuant to Section 8211 of the state regulations. No information, whether written or oral, will be accepted if the provision of such information would result in a competitive rating point advantage to the applicant or a competitive rating point disadvantage to other applicants.
- D. Department Loan and Grant Committee

HOME rental rehabilitation projects will be reviewed by the Department's Local Assistance Loan and Grant Committee. Only applications with the highest scores will be presented to Loan Committee. HOME intends to take all high scoring applications to the March 2009 Loan Committee meeting. Representatives of the applicant and the developer <a href="mailto:are strongly encouraged">are strongly encouraged</a> to attend the Loan Committee meeting if their project is recommended for funding.

Applicants whose applications are recommended for funding will receive a Department project report, (sent to the e-mail addresses provided in the application), approximately two to three weeks prior to the Loan Committee meeting.

Applications for funding will only be presented to Loan Committee if HOME has determined that the project is financially feasible. HOME reserves the right to request information, in addition to that contained in the application, to make this determination. If the applicant is unable to provide the necessary information for HOME to make a feasibility determination in time to prepare a project report for the March 2009 Loan Committee meeting, the project will be rejected pursuant to Section 8212(6) (A).

Subsequent to the Loan Committee meeting, the Department will issue award letters. These award letters may specify special conditions to be met prior to issuance of the Standard Agreement.

### IV. **ELIGIBLE APPLICANTS**

- A. Applications for HOME funds will be accepted only from:
  - Cities and counties that have not been designated as Participating Jurisdictions by HUD;
  - Cities that are not participants in an urban county agreement with a county that is a HUD Participating Jurisdiction;
  - Cities and counties that are not participants in a HOME consortium;
  - Projects must be located in an eligible city's incorporated area or an eligible county's unincorporated areas; and
  - CHDOs with a current Department certification that are proposing activities located in eligible cities or counties as described above that are included in the CHDO's certified service area. All non-profit applicants that are certified by the Department as CHDOs by October 31, 2008 shall be considered eligible to apply for funding as a CHDO. New CHDO applicants must submit their CHDO Certification application by August 29, 2008. If an existing CHDO's certification expires prior to October 31, 2008, the CHDO's recertification application must be submitted by September 30, 2008. Applications to add geographic areas must also be submitted by September 30, 2008. Applications from these applicants will not receive a conditional reservation of funds until the Department approves the CHDO certification, recertification, or addition of another geographic area.
- B. <u>Eligible jurisdictions for FY 2008 are listed in Appendix A of this NOFA.</u> If the city or county is not listed in Appendix A, but you believe it should be, please submit by September 30, 2008 a copy of the consortia or urban county

agreement for your county indicating that your city or county is not a participant for FY 2008 funding.

### V. **ELIGIBLE ACTIVITIES**

A. To be eligible for funding under the Rental Rehabilitation NOFA, an application must be a rental rehabilitation with or without acquisition project. Per Section 92.205 (a) of the federal HOME regulations (The Final Rule), "acquisition" means Real Property Acquisition. Therefore, a project is eligible as rehabilitation with acquisition project only if there will be a real property acquisition, not just a change in partnership interests.

Funds must be provided to rehabilitate a specific rental project without a transfer of ownership or to both acquire and rehabilitate a specific rental project.

Projects involving only acquisition (where no rehabilitation is being done) are <u>not</u> eligible under this NOFA.

Pursuant to 24 CFR 92.251, housing that is constructed or rehabilitated with HOME funds must meet all applicable local codes, and rehabilitation standards at the time of project completion. Projects involving rehabilitation must do sufficient rehabilitation to ensure the long-term viability of these projects. Pursuant to UMR 8309 (b) (2) the Department will require applicants to submit a reliable physical needs assessment (PNA) or other reliable indicators of physical condition/cost of rehabilitation as part of the financial feasibility analysis process conducted before the application goes to the Loan and Grant Committee.

To expedite the review process, applicants are strongly encouraged to prepare and submit the PNA as part of the application. Note: application rating points are awarded for submitting an acceptable PNA because the results of the PNA are critical to evaluating the readiness of the project.

HOME funds may be used to assist Indian tribes consistent with applicable state and federal requirements. However, pursuant to state HOME regulation 8204, only cities, counties, and CHDOs may submit a HOME application. Indian tribes themselves are not eligible applicants.

### VI. INELIGIBLE USES OF FUNDS

- HOME funds cannot be used to refinance existing debt.
- As a general rule, with the exception of National Environmental Policy Act (NEPA) environmental review expenses, HOME funds cannot be used for expenses incurred prior to the execution of the state Standard Agreement. However, on a case-by-case basis, HOME Management may permit reimbursement for other expenses incurred after the date of the award letter and prior to the effective date of the Standard Agreement.

- Acquisition only rehabilitation projects, Rental New Construction projects, First Time Home Buyer, Owner Occupies Rehabilitation and Tenant Based Rental Assistance activities are <u>ineligible</u> under this Rental Rehabilitation NOFA.
- For further ineligible uses of HOME Funds, refer to 24 C.F.R. 92.214 of the federal regulations.

If an application is submitted proposing an ineligible use, only that portion of the application proposing eligible uses, if any, will be rated and eligible for funding.

### VII. FORMS OF HOME ASSISTANCE

- A. <u>HOME Loans</u>: HOME assistance shall be in the form of loans to be repaid to local HOME accounts controlled by State Recipients, qualified CHDOs, or the state's HOME account, except for the uses of funds specifically defined below under HOME grants.
- B. <u>HOME Grants</u>: HOME assistance must be provided in the form of a grant exclusively for tenant-based rental assistance, relocation payments, lead-based paint hazard evaluation and reduction activities, and specified Activity Delivery Costs. Activity Delivery Costs are further defined by the term "related soft costs" in the HOME Final Rule at 92.602(b)(3).
  - HOME funds for Activity Delivery Costs must be drawn down at the same time as HOME funds for Activity Costs are drawn down. If the activity is not completed and a Project Completion Report for the full amount drawn down is not filed, all HOME funds for that project, including Activity Delivery Costs, must be repaid to the Department. More information on Activity Delivery Costs is set forth in Section XI.
- C. <u>NEPA Expenses:</u> To encourage early NEPA environmental compliance, HOME funds may be used to reimburse NEPA expenses incurred by a successful applicant prior to the effective date of the Standard Agreement. These expenses must be reasonably necessary for the proposed project and will only be paid when the Standard Agreement is fully executed. In addition, NEPA consultants may be chosen using the "small purchase" procurement method, i.e. by use of informal price quotations.

### VIII. MINIMUM AND MAXIMUM AMOUNTS OF HOME FUNDS PER PROJECT

The minimum amount of HOME funds that must be invested in a project involving rental or homeownership housing is \$1,000 times the number of HOME-assisted units in the project (# of units x \$1,000 = minimum amount of HOME funds). The maximum amount of HOME funds invested in a project shall not exceed the following: (1) the per-unit dollar limits (221(d)(3) limits), established by HUD under 24 C.F.R. 92.250; (2) pursuant to 92.205(d), the proportion of HOME-assisted units compared to all units in the project, and the square footage of HOME units compared to all other units in the project; and (3) the total amount of

eligible costs necessary (when combined with other financing and assistance), to accomplish the following:

- A. Enable the project as proposed to be developed and to operate in compliance with all HOME requirements, including the subsidy-layering requirement at 92.250. See HUD CPD Notice 98-1 for more information.
- B. For rental activities of five or more units, achieve a debt-service coverage ratio in accordance with the UMR Section 8310.
- C. Jurisdictions may request a waiver of their county's 203(b) limits if they think that these limits do not fairly reflect the cost of available housing in their county and should be increased. Contact the appropriate HOME Representative to request a waiver of your 203(b) limits.
- D. Note: If the jurisdiction has already received a 203(b) waiver, the new limit will not appear in the Appendix D.
- E. The total amount of HOME Funds, including Activity Delivery Costs, per project cannot exceed the amount listed in the HUD 221(d)(3) subsidy limits and a subsidy layering review specified in 24 C.F.R. 92.250 of the federal regulations. See Appendix C of the NOFA for the 221(d)(3) limits. Pursuant to federal regulations, any one project may receive HOME funds from only one HOME award. This prohibits the combination of awards from a State Recipient and a CHDO on the same project and prevents the combination of awards from more than one HOME NOFA on the same project.

### IX. MAXIMUM APPLICATION AMOUNT/COMBINATIONS OF ACTIVITIES

The following limits apply to the number and type of project activities that may be submitted in response to both the main June 2, 2008 NOFA and this Rental Rehabilitation NOFA: (Please see the June 2, 2008 NOFA for activity combinations/limits for applications with project activities and program activities.)

Applicants may submit only one HOME application pursuant to this rental rehabilitation NOFA. An application may consist of no more than two activities as follows:

- One rental project and one FTHB project; or
- CHDO applicants that did not receive a 2007 HOME project award may submit an application for two rental projects total; two rental new construction projects, two rental rehabilitation projects, or one of each. Separate application forms in separate binders must be submitted for each project, (Project 1 and Project 2) Each project will be rated and ranked separately.
- State Recipients may submit an application for only one HOME rental project in 2008, i.e. either a rental rehabilitation with or without acquistion project

under this NOFA, or a rental new construction project under the released June 2, 2008 NOFA

 CHDOs that received a 2007 State HOME project award may submit an application for only one HOME rental project in 2008, either a rental rehabilitation project under this NOFA, or a rental new construction project under the released June 2, 2008 NOFA

In general, applicants may apply for a maximum of two sites as follows: (a) two single parcels or (b) one single parcel and one set of contiguous lots that will be combined into a single parcel by the time the HOME loan closes; or (c) two sets of contiguous lots if the lots will be combined into two single parcels by the time the HOME loan closes

There may be no more than two sites total, even for a CHDO that can submit two rental projects. As noted above, a single site may consist of contiguous parcels that will be combined as part of the development process into one parcel. In this instance, provide project development plan (PDP) documents that cover the parcels which will be combined into one parcel. Example: submit a single appraisal for contiguous parcels, not one appraisal for each parcel.

The maximum application amount is determined by adding the maximum amounts for each of the activities in the application. <u>Please Note</u>: all funds, including Administration, Project Costs, and Activity Delivery Costs are counted in determining the individual activity limits.

Note also that pursuant to 24 CFR 92.250, before committing funds to a project, the Department must evaluate the project in accordance with guidelines that it has adopted for this purpose and will not invest any more HOME funds, in combination with other governmental assistance, than is necessary to provide affordable housing. All loan amounts will be verified by a subsidy layering analysis, and loan amounts will be reduced if the amount requested exceeds what is needed. Loans are also subject to the federal 221(d) (3) limits. (See Appendix C of the NOFA.)

### **Individual Activity Limits for Rental Rehabilitation Projects**

- \$2,000,000: Projects using 9 percent Low Income Housing Tax Credits, or projects that do not meet the requirements outlined below.
- \$4,000,000: Rehabilitation with acquisition projects that meet both of the following requirements:
  - a) no use of 9 percent Low Income Housing Tax Credits and
  - b) 80 percent of all units in the project will be restricted to tenants with household incomes of no more than 50 percent AMI for the entire HOME affordability period.

Tenant-paid rents for these units will be restricted to no more than the Low HOME rent level. If the tenant-paid rents meet this Low HOME rent level due to subsidies, the subsidies must be renewable.

Furthermore, a project with subsidies is eligible only if the rental assistance restricts both tenant-paid rents and tenant incomes to no more than the 50% AMI level for the entire HOME affordability period.

The HOME regulatory agreement will also require that rental assistance to the project be continued as long as it is available.

In order to qualify for this funding level, applicants must clearly demonstrate in the application narrative, (Universal Application Form, Narrative Worksheet), that the project meets all of the above requirements.

CHDO rental project applicants that request HOME funds solely for permanent financing may request a higher funding amount to cover the cost associated with having a larger private construction loan. Up to an additional \$300,000 may be requested. In requesting this higher amount, the CHDO must explain the methodology used for calculating the requested amount based on additional financing costs. Please provide this explanation in the Applicant Notes section of the Development Budget. The Department reserves the right to adjust this amount in consultation with the applicant.

<u>See Section XVII of the NOFA for information on federal prevailing wage</u> requirements as they pertain to homebuyer projects.

<u>Program Income</u>: Federal HOME regulations require that all Program Income be expended prior to drawing down HOME Funds. Program Income may not be "banked" or set-aside in re-use accounts. This rule applies to all State Recipient HOME applications. Successful applicants may not draw down new HOME funds for project draws if they have Program Income on hand. **State Recipients with Program Income must consider this when deciding how much to request in this funding round.** If a project applicant historically receives a substantial amount of Program Income, the applicant should contact its HOME Representative to discuss ways to use this Program Income in a way that does not impede the ability to draw down funds awarded pursuant to this NOFA.

### X. ADMINISTRATIVE AND CHDO OPERATIONS FUNDS

The following limits apply to the amount of State Recipient administrative and CHDO Operations funds applicants may receive:

### Projects:

- A. <u>State Recipient applicants receiving up to \$1,000,000</u>: up to \$25,000 of administrative funds.
  <u>CHDO applicants receiving up to \$1,000,000</u>: up to \$75,000 of CHDO operations funds.
- B. <u>State Recipient applicants receiving \$1,000,000 or more</u>: up to \$50,000 of administrative funds.

<u>CHDO applicants receiving \$1,000,000 or more</u>: up to \$100,000 of CHDO operations funds.

### XI. ACTIVITY DELIVERY FUNDS (State Recipients only)

### **Projects**

Rental rehabilitation with or without acquisition may have up to \$50,000 of the contract amount (loan and grant funds) for Activity Delivery costs ("Activity Delivery Funds"). Activity Delivery Funds are grants, and are not part of the project loan amount. Activity Delivery Funds may be used at the State Recipient's discretion to fund the Activity, Activity Delivery costs, or any combination of the two. See 24 C.F.R. 92.206 (d) (6) and 92.206 (f) (2) for a description of the types of expenses which may be charged to Activity Delivery. Activity Delivery, Administration, and CHDO Operations funds should not be included in the Development Budget.

### XII. ARTICLE XXXIV (Rental Rehabilitation with or without Acquisition Projects)

Article XXXIV of the California Constitution requires public entities to obtain voter approval before they "develop, construct or acquire a low-rent housing project." However, there are some exemptions to Article XXXIV. Health and Safety Code Section 37001 lists a number of project types that are not considered "low rent housing projects." The most typical exemption is subdivision (a)(1), which exempts projects that receive no property tax exemption, other than the welfare exemption, and in which no more than 49 percent of the units will be occupied by persons of low income.

Applicants must submit a legal opinion letter that analyzes the project's compliance with or exemption from Article XXXIV. The Article XXXIV opinion letter must demonstrate that the applicant has considered both the legal requirements of Article XXXIV and the relevant facts of the project (e.g., the public body lenders, the number of low income restricted units, and the general content of any regulatory restrictions). Any conclusion that a project is exempt from Article XXXIV must be supported by specific facts and a specific legal theory for exemption that itself is supported by the Constitution, statute, and/or case law.

If a project is subject to Article XXXIV, the letter must demonstrate that there is Article XXXIV authority for the project. This may be done by providing information from an appropriate local government official either that a referendum for the specific project has been passed by the voters, or that a blanket referendum has been passed and the locality has allocated sufficient Article XXXIV authority to the project. Applicants asserting that their proposed project complies with Article XXXIV because of the passage of a voter-approved referendum must provide a copy of the referendum and a certified vote tally along with their Article XXXIV letter. In this instance, the Article XXXIV letter must also provide information from the appropriate local government official regarding how many low-rent units are authorized under the referendum, and how many have been developed, constructed, or acquired to-date pursuant to that

referendum so that the Department can determine if sufficient Article XXXIV authority exists for the proposed units.

For State Recipients, the Article XXXIV legal opinion letter must be from your local counsel. Since the Department is not the lender for State Recipient projects, the Department will generally defer to the local counsel's Article XXXIV determination as long as the Article XXXIV letter is a well-reasoned, thorough legal analysis of the facts and the law.

For CHDOs, the Article XXXIV legal opinion letter must be from the local government counsel where your project is located or from your own attorney, and must state the reasons why your project is exempt from or complies with Article XXXIV. Since the Department is the lender in CHDO projects, the Department must agree with the legal opinions and conclusions in these letters in order for them to be acceptable. Because of the detailed nature of the Department's regulatory agreements for HOME, the Joe Serna, Jr. Farmworker Housing Grant Program (Serna), and the Multifamily Housing Program (MHP), it is the Department's opinion that CHDO projects assisted by these programs are "developed" by the Department within the meaning of Article XXXIV.

For more information regarding Article XXXIV see NOFA Appendix B.

### XIII. MATCH REQUIREMENTS

All match requirements are waived for applications submitted under this NOFA. However, all eligible HOME match that applicants will obtain due to their activity's need for other funding, shall <u>continue to be reported</u> in the project Setup and Completion Reports so that the Department can bank any additional match and can continue to waive match. Such match sources include match derived from below-market rate loans, (even if these loans are not repaid to the HOME Local Account), State Low Income Housing Tax Credits, property tax waivers, bond financing, fee waivers, grants, and other sources. The Department will review all project Set-up and Completion Report forms to make sure that all reportable match has been included.

### See:

http://www.hcd.ca.gov/fa/home/ for a HOME match calculation tool (located under "Additional Resources").

The HOME Contract Management Manual also contains additional information and resources on match.

See:

http://www.hcd.ca.gov/fa/home/manual/

### XIV. TIME FRAMES FOR USE OF HOME FUNDS

Recipients of HOME funds are subject to progress deadlines and expenditure deadlines that are defined in the state and federal regulations and specified in the Standard Agreement.

If a project fails to meet one or more of the deadlines outlined in state HOME regulation Section 8217, the HOME applicant (City, County, or CHDO), as well as the project's developer, owner, and managing general partner may receive a performance penalty on the next project application in which they are involved. If a project fails to meet three or more deadlines, the HOME applicant shall be held out of future project funding rounds until that project is completed, occupancy is obtained, all expenditures are made, and all necessary HOME funds are drawn. The HOME applicant and the project's developer, owner, and managing general partner may also receive a performance penalty on the next project application in which they are involved. For more information, please refer to Section 8217 of the amended HOME regulations at:

http://www.hcd.ca.gov/fa/home/State HOME Regs.pdf.

### XV. <u>AFFORDABILITY REQUIREMENTS</u>

### A. Rental Activities

- All rental rehabilitation housing projects <u>with acquisition</u> shall have affordability periods of 55 years.
- Rehabilitation of existing rental housing at less than \$15,000 per unit will have a minimum period of affordability of ten years.
- Rehabilitation of existing rental housing at \$15,000 to \$40,000 per unit will have a minimum period of affordability of 15 years.
- Rehabilitation of existing rental housing at more than \$40,000 per unit will have a minimum period of affordability of 20 years.

Rent levels shall be restricted for the periods of affordability set forth above at the <u>lesser of</u> the rent levels permitted pursuant to the federal HOME regulations, or other rent levels approved by the Department. (Generally speaking, the other rent levels approved by the Department would be lower rents that the applicant commits to in its HOME application.)

Exceptions to this requirement may be granted for units receiving HUD Section 8 or other similar rental assistance, or where the project's continued fiscal integrity is in jeopardy due to factors that could not be reasonably foreseen.

### XVI. INCOME ELIGIBILITY

The state HOME Program uses the Part 5 (formerly known as Section 8) definition of low income (24 C.F.R. Part 813), and uses the Part 5 methodology in calculating the income of beneficiaries. Please study the "Technical Guide for Determining Income and Allowances for the HOME Program," which is available upon request from the Department.

### XVII. COMPLIANCE WITH OTHER FEDERAL REQUIREMENTS

All activities funded with HOME funds or HOME Program Income are required to comply with HOME's federal "overlay" requirements, including, but not limited to, compliance with requirements concerning the National Environmental Policy Act

(NEPA), federal and state prevailing wage, relocation, Equal Opportunity and Fair Housing, Section 504 and the Americans with Disabilities Act, Section 3 (employment of low income persons), OMB Circular A-133 audit, and debarment. Failure to comply with federal overlays could result in significant cost increases to your project, rejection of your HOME application, or loss of points in current or future HOME funding rounds. Below is a brief discussion of overlay issues relevant to the application.

### <u>NEPA</u>

Once your governing body approves submittal of the HOME application, (usually determined to be the date of your HOME Authorizing Resolution), until issuance of the NEPA Authority to Use Grant Funds, or other appropriate documentation, the applicant and any participant in the development process must not take any choice limiting actions. The Authority to Use Grant Funds form is not required for all Rental Rehabilitation projects. See Chapter V of the HOME Contract Management Manual for a thorough explanation of the NEPA process. When an Authority to Use Grant Funds form is not required, NEPA approval is documented by a letter from the Department.

As a general rule, any action on the site or on behalf of the project by anyone is a choice limiting action if it occurs once your governing body approves submittal of the HOME application, and before the Authority to Use Grant funds is issued. "Choice limiting actions" include the commitment of ANY funds (not just HOME funds), the purchase of the site, any construction loan closing (not just the HOME loan), any payment of local fees, or any site work (other than annual weed control) done by anyone.

Note however, that pursuant to NEPA regulations, certain activities are not considered choice limiting actions, regardless of when they are carried out. These activities include, but are not limited to, such things as: environmental and other studies; resource identification and the development of plans and strategies; (e.g. submitting funding applications), inspections and testing for hazards or defects; purchase of insurance; payment of principal and interest on loans made or obligations guaranteed by HUD; and assistance for improvements that do not alter environmental conditions and are necessary only to control the effects from disasters or imminent threats to public safety. For more information on activities not considered choice limiting actions, see <a href="24 CFR">24 CFR</a>
58.34.

All site control documents must be conditional in nature so as not to provide a legal claim to any amount of HOME funds to be used for the specific project or site until the environmental review process is satisfactorily completed. The agreement must explicitly state that it is conditioned on the Responsible Entity's determination to proceed with, modify or cancel the project based on the results of a subsequent environmental review. The cost to secure the site control document must also be a nominal portion of the purchase price. For more details on required and prohibited provisions of agreements consistent with NEPA, see CPD Notice 01-11

The Department has been required by HUD to review CHDO Environmental Assessments. It can take up to 9 months to prepare and approve a NEPA Environmental Assessment, which is usually required for a rental or first time homebuyer project. Therefore, CHDO project applicants wishing to close their construction loans in the Fall of 2009 must begin preparation of their Environmental Assessment no later than December 2008.

HUD now requires the Department to perform the Environmental Assessment reviews for randomly selected State Recipient projects. Therefore, State Recipient project applicants are also advised to begin preparation of their Environmental Assessment no later than December 2008.

If there are any questions regarding choice limiting actions, or the level of environmental clearance required of your program or project, contact your HOME Representative <u>prior to</u> taking any action concerning your proposed HOME project or program.

### Federal Prevailing Wage Requirements (Davis-Bacon Wage Requirements)

Federal prevailing wages must be paid on projects involving site development, construction, and rehabilitation where there are 12 or more HOME-assisted units. Some projects, regardless of the number of units they have, are also subject to state prevailing wages.

The HOME applicant and the construction contractor must ensure that the Davis-Bacon Wage Requirements as well as state prevailing wage laws are followed. The Sources and Uses submitted with the HOME application will be examined carefully to make sure that prevailing wage costs have been factored in (federal and state, if applicable). CHDOs are required to hire an outside consultant to act as a Labor Standards Coordinator. If the State Recipient does not have the existing staff to enforce federal labor standards, then it is HIGHLY recommended that an outside labor consultant be hired.

### Relocation

Relocation costs must be paid if individuals or businesses will be temporarily or permanently displaced as a result of a HOME-assisted project. Specifically, federal relocation requirements extend back to the "initiation of negotiations". See the HOME Contract Management manual at:

<a href="http://www.hcd.ca.gov/fa/home/manual/07/">http://www.hcd.ca.gov/fa/home/manual/07/</a> for a discussion of relocation notice requirements, and what constitutes the "initiation of negotiations." The determination of the Initiation of Negotiation requires a case-by-case analysis. The Department highly recommends consultation with HOME staff to determine the specific date for Initiation of Negotiations. This recommendation applies to all rental rehabilitation with or without acquisition projects, and all rental new construction and first time homebuyer projects involving any relocation activities. An accurate determination is critical, because relocation costs may be higher if an earlier "initiation of negotiations" date is necessary. Applications for tenant-occupied properties must have already provided the "General Information Notice" to all tenants by the date of the "initiation of negotiations."

The Sources and Uses submitted with the application must adequately budget for relocation costs. Contact the appropriate HOME Representative for guidance in estimating relocation costs.

# <u>Procurement Requirements for State Recipients Using Administrative Subcontractors</u>

Except for procurement of the NEPA consultant, which can be done using the small purchase procurement method (i.e., by use of informal price quotations), State Recipients using Administrative Subcontractors paid with HOME Funds must follow a competitive Request for Qualifications (RFQ) or Request for Proposals (RFP) procurement process to select the Administrative Subcontractor. See the HOME Contract Management Manual at: <a href="http://www.hcd.ca.gov/fa/home/manual/04/">http://www.hcd.ca.gov/fa/home/manual/04/</a> for information on this procurement process.

### XVII. STATE RECIPIENT LOAN DOCUMENT REQUIREMENTS

State Recipients using HOME funds or HOME Program Income for rental projects must adequately secure the repayment of HOME funds and compliance with HOME affordability requirements through the use of a promissory note secured by a deed of trust and a regulatory agreement. The deed of trust and the regulatory agreement must be recorded on the project property. If security for repayment of HOME funds is a leasehold, the owner of the fee either must permit recordation of the HOME deed of trust and regulatory agreement on the fee, or the fee owner must enter into a lease rider providing appropriate lender protections to the State Recipient. The lease must also comply with the requirements of UMR section 8316. In addition, if HOME funds will be used for construction, the State Recipient and borrower should execute a development agreement clearly setting forth the terms and conditions of disbursement of HOME funds.

### XIX. STATE RECIPIENT OMB A-133 AUDIT DOCUMENTATION

Local governments that expend \$500,000 or more in federal funds during the fiscal year are required to submit an OMB A-133 Single Audit Report package to the Federal Clearinghouse and to the California State Controller's Office. The 2006-07 audit package was due by March 31, 2008.

The Department will make its determination on the status of A-133 Audit compliance by direct consultation with the California State Controller's Office. State Recipients do not have to submit documentation of A-133 compliance with their 2008 HOME Application. Questions regarding A-133 audit status compliance should be directed to the California State Controller's Office, and not to the State HOME program staff. Only the State Controller's Office is authorized to answer A-133 audit questions.

### XX. APPLICATION EVALUATION

### A. Rating and Ranking

The Department will rate, rank and fund applications based on its review of all eligible activities for which funds are requested in an application. The application must be submitted using the form provided by the Department. The form must contain all information requested that is required pursuant to Section 8211(c), (d), and (e).

<u>Note</u>: Each project or combination of program activities will be evaluated and ranked separately.

If at the time the HOME rating and ranking process is underway an application has been submitted for the same project for any other Department financing source and is being evaluated by that program, HOME will count that financing as committed for rating purposes. Please consult with other Department programs regarding when they will count HOME financing as committed.

Pursuant to Section 8212 (d)(5) of the state HOME regulations, project applications must receive a minimum score of 930 points to be funded. Applications will be funded in descending order. Applications that qualify for CHDO and rural set-asides will be funded first based on their scores. Once the set-asides have been achieved, all remaining applications will be funded within their respective allocations pursuant to 8212.1 based on their scores relative to all other applications with the highest scoring application funded first.

In the case of a tie score, the application demonstrating the highest poverty level will be funded first. Final funding decisions will be made by the Division of Financial Assistance Deputy Director. The decision of the Deputy Director is final. However, for rental projects, all funding decisions are subject to approval by the Department's Loan and Grant Committee and the Department Director.

- B. <u>Minimum Requirements</u>: Applications for the HOME Program are not considered for funding unless the application demonstrates that the following minimum requirements have been met pursuant to Section 8212 of the HOME regulations:
  - 1. The application was received by the deadline specified in this NOFA;
  - 2. The applicant is eligible pursuant to Sections 8204, 8204.1(c) and Appendix A of the NOFA;
  - 3. The applicant proposes at least one eligible activity pursuant to Section 8205 (other than administration);
  - 4 The use of funds is eligible per Sections 8205 and 8210(c);

- 5. The application is complete pursuant to Section 8211(b);
- 6. The applicant has no unresolved audit findings pursuant to Section 8204(a) (1) (D) (ii) and (2) (C) (i);
- 7. The applicant has provided documentation satisfactory to the Department that it is in compliance with the submittal requirements of OMB A-133, Single Audit Act pursuant to Sections 8204(a)(1)(D)(iv) and (2)(C)(iii). See Section XIX of the NOFA for more information:
- 8. The applicant and any member of its program or project team is not on the list of debarred Contractors pursuant to Sections 8204 (a) (1) (D) (iii) and (2) (C) (ii);
- 9. The total amount of funds requested for both administration and activityspecific costs does not exceed the limits identified in the NOFA;
- 10. The application form provided by the Department has not been altered or modified except to accommodate computer software; and
- 11. CHDO applications must contain procedures for ensuring effective project control pursuant to 24 CR 92.300(a)(1). CHDO rental project applicants must submit the Partnership Agreement, including the Development Agreement for the proposed project, with their HOME application.

### <u>In addition, project applications must demonstrate:</u>

- 12. That the project is financially feasible. Pursuant to Section 8212(a) (6) of the state HOME regulations, the Department must determine that the project is financially feasible to consider it for funding. Site development issues, local government approvals, development costs, project timing, project market, scope of work, replacement reserves, appraisal, rent and subsidy levels, other lenders requirements, operating costs, and other development factors will be evaluated in order to make this determination. Projects may not be deemed feasible if information presented in the application results in unknown or uncertain project costs and/or timelines; therefore, the Sources and Uses form must contain line items for any project costs related to determining the feasibility of the project, including but not limited to, prevailing wages, environmental remediation, (including mitigation of any Recognized Environmental Conditions), elevation above a flood plain, and relocation.
  - For applications proposing rental rehabilitation and or acquisition projects, an application's threshold feasibility will include, but is not limited to an evaluation of:
    - (i) Information adequate to determine the financial feasibility of the project in accordance with the UMR, (commencing with Section 8300), and state and federal HOME requirements;

- (ii) A market study, property appraisal, and asbestos and mold assessments shall be submitted. If an application proposes rehabilitation and or acquisition of a building constructed prior to January 1, 1978, a lead-based paint assessment shall be submitted.
- b) Any document prepared pursuant to subsections (a) (ii) above shall be prepared by an individual or firm, which:
  - (i) Has the appropriate license, when deemed necessary by the Department, and knowledge and experience necessary to competently prepare the document;
  - (ii) Is aware of, understands, and correctly employs those recognized methods and techniques that are necessary to produce a credible and complete report;
  - (iii) Communicates each analysis, opinion and conclusion in a manner that is not misleading as to the true market needs for low income residential property, and the value and condition of the subject property; and
  - (iv) Is an independent third party having no identity of interest with the applicant, the partners of the applicant, the intended partners of the applicant, or with the general contractor.
- 13. That the project has site control pursuant to Section 8303 of the Uniform Multifamily Regulations.
- 14. That there is no pending litigation that could affect implementation of the project, as proposed; and
- 15. For rental projects, which the project either complies with or is exempt from Article XXXIV of the California Constitution pursuant to 8212(a) (7). See Section XII of the NOFA for more information on Article XXXIV.
- C. <u>All Applications</u> will be evaluated and may receive points on the following:
  - 1. The local public entity's adopted housing element is in substantive compliance with State Housing Element Law as of October 31, 2008, the application due date, as defined at Section 8201(s) of the state HOME regulations. Newly formed cities not required to be in compliance and CHDOs shall receive full points in this category. See Management Memo 08-01 for more information.

50 points

2. Activities proposed within a jurisdiction whose formula allocation is being reallocated by the Department; and

50 points

3. Activities proposed in a rural community.

50 points

### D. Additional Project Application Rating Factors:

Applicants may receive up to the amounts listed, unless otherwise noted.

# 1. Capability to develop a HOME-assisted project a) 450 points

Prior performance of the applicant, developer, owner, and managing general partner (if the project has one) in all HOME project contracts (rental and FTHB) which were awarded between October 1, 2003 – September 30, 2008.

All applications will begin with 200 points

Up to 200 points may be deducted based on the following criteria.

i) Missed project deadlines of the applicant, developer, owner, and managing general partner, for deadlines occurring by the HOME application deadline of October 31, 2008.

Up to 200 points will be deducted as follows:

Permanent Financing Commitment	(5 points) each
Project Set-up	(10 points) each
Construction Loan Closing	(10 points) each
Completion Deadline	(50 points) each
Expenditure Deadline	(50 points) each

However, the deducted points will be restored if all of the following events have occurred by the application due date October 31, 2008:

- 1- the project has been completed.
- 2- the Project Completion Report has been received by the Department, and
- 3- all HOME funds were expended by the original expenditure deadline in the Standard Agreement.

Pursuant to Section 8217, applicants, their developers, owners, and managing general partners (if any) who disencumbered a project contract between October 1, 2003–September 30, 2008 will still receive point deductions according to the above schedule for the deadlines the project did not meet before the contract was disencumbered.

<u>Late reports of the applicant</u>–applies to HOME project contracts (rental and FTHB) which were awarded between October 1, 2003–September 30, 2008.

Up to 50 points may be <u>deducted</u> as follows:

Each late Project Completion Report for a	(OF ==:=t=)
rental project or homebuyer project	(25 points)
Each late Annual Performance Report	(25 points)
Each late Quarterly Report	(5 points)

### Note:

Beginning in January 2008, projects are no longer required to submit full quarterly reports, but State Recipients must continue to submit quarterly Program Income reports.

In 2005 and 2006, the Department gave applicants a grace period for submittal of reports; therefore, for reports due and submitted by August 15, 2006, no deduction for late reports will be levied.

However, all reports that were due after August 15, 2006 must have been submitted by the date they were actually due in order to avoid a penalty for late reports. As an illustration of reporting deadlines, below are the deadlines for the reports due in 2007-2008:

- Rental and Homebuyer Project Completion Reports
   –must have been submitted within 60 days of the final draw
- o Annual Performance Reports-must be submitted by August 1, 2008.
- Project Quarterly reports—must have been submitted no later than 30 days after the end of the calendar quarter. Note: beginning in January 2008, projects are no longer required to submit full quarterly reports, but State Recipients must continue to submit quarterly Program Income reports.
  - January 30, 2008 for the quarter ended December 31, 2007
  - > April 30, 2008 for the quarter ended March 31, 2008
  - > July 30, 2008 for the quarter ended June 30, 2008
  - October 30, 2008 for the quarter ended September 30, 2008

Remember, points will be deducted for late reports under HOME project contracts awarded between October 1, 2003–September 30, 2008.

- ii) Material Misrepresentation of Facts- applicants, developers, owners, and managing general partners who, between October 1, 2003–September 30, 2008, have made a material misrepresentation of any requirement or fact in an application, project report or other document submitted to the Department including but not limited to that which jeopardizes the Department's investment in a project or places the Department at risk of a monitoring finding, will lose up to 200 points.
- iii) Noncompliance with Monitoring Requirements identified in the last five years (i.e. October 1, 2003–September 30, 2008). Applicants, owners, and managing general partners who have not complied with monitoring requirements identified by the Department in the last five years will lose up to 100 points

### State Recipients

Deductions will be made for: Each second notice sent by the Department to the State Recipient for failure to submit an

(10 points)

Annual Monitoring Report.

If the Annual Monitoring Report has not been received by the deadline in the second notice.

(10 points)

**CHDOs** 

Deductions will be made for:

Each second notice sent by the Department to the CHDO for failure to submit the Annual Operating Budget or Annual Report for a project.

(5 points)

Each report that was not received by the deadline in the second notice.

(5 points)

 b)
 Prior applicant experience in the implementation of local, state or federal affordable housing or community development projects in last seven years (2001-2007).

50 points

c)
Prior development team experience in developing the same type of subsidized project as proposed in the application in a manner consistent with the applicable funding source in the last five years (for projects completed between October 1, 2003 - September 30, 2008

200 points

### 2. Community Need

450 points

See Appendix K of this NOFA for Community Need point scoring by activity type.

### 3. Project Feasibility, as demonstrated by:

200 points

Rental Projects:

 a) Compliance with the UMR (commencing with Section 8300), and state and federal HOME requirements.

175 points

b) Provision of the greatest percentage of HOME-assisted units.

25 points

### 4. Project Readiness as demonstrated by:

300 points

a) The project development plan for:

Rental rehabilitation projects

255 points

b) Status of local government approvals for:

Rental rehabilitation projects

5 points

c) Design progress

5 points

### 5. State Objective Bonus Points

150 points

Project applicants will be awarded up to 150 points for meeting one or more of the following State Objectives:

a) 100 Percent Financing Committed. Points will be awarded for projects that have 100 percent of their non-state HOME permanent financing committed by October 31, 2008. All permanent financing commitment letters must be included with the HOME application.

100 Points

b) Special Needs Populations - Points will be awarded to rental projects that are proposing to target special needs populations through the use of any of the following financing sources: HUD 202, HUD 811, HUD Supportive Housing Program, Mental Health Services Act, or MHP funds where at least 70% of the units will be reserved for Special Needs Populations, as defined under MHP Regulation 7301.

50 points

c) Outstanding Past Performance - Points will be awarded to rental rehabilitation project applicants whose development team includes an applicant or developer that has completed a 03, 04, 05, or 06 State HOME project no later than 30 months following the date of the award letter for that project. Project completion will be evidenced by the filing of the Project Completion Report for that project.

50 points

d) <u>Green Building</u> - Points will be awarded to rental rehabilitation project applicants that commit to incorporating State of California Green Building/Energy Efficiency features into the proposed project.

25 points

# XIII. Meeting/Conference Call Registration Form — Case-by-Case telephone conference.

Complete attached form to schedule a case-by-case telephone conference.

# Rental Rehabilitation with or without Acquisition NOFA 2008 Meeting/Conference Call Registration Form

Fax back to Dawn Magnusson at the HOME Program at (916) 322-2904 by August 7, 2008 if you are interested in applying under this NOFA.

Project Name:					
Project Address:					
Amount of HOME Funds	s Requested		\$		
Proposed Financing So	urce(s) 1 2 3 4 5				
Total Number of Units		Restricted:		Non Restricted	
Number of HOME units					
Is the project a transfer/	preservation projec	et?	Yes	No	
What is the status of the transfer?					
Discussion Points for Conference Call:					